1987 ANNUAL REPORT

The Saskatchewan Government Printing Company

88-05613/

ANNUAL REPORT

of

The Saskatchewan Government Printing Company

of the

PROVINCE OF SASKATCHEWAN

for the

Year ending December 31, 1987

Regina, Saskatchewan
April, 1988

To His Honour,
The Honourable Frederick W. Johnson,
Lieutenant Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith the annual report of The Saskatchewan Government Printing Company for the year ending December 31, 1987 including the financial statements therefor, duly certified by the Company's Auditors and in the form approved by the Treasury Board, all in accordance with The Crown Corporations Act, 1978.

I have the honour to be, Sir,

Your obedient servant,

Graham Taylor

GRAHAM D. TAYLOR
Chairman and Minister responsible for
The Saskatchewan Government Printing Company

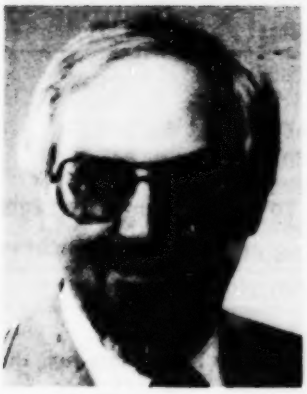
THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

1987

BOARD OF DIRECTORS

HONOURABLE G. TAYLOR	–	Chairman
MR. OTTO CUTTS, Acting General Manager	–	Director
MR. P. LANG, Comptroller		

GENERAL MANAGER'S REMARKS



This is the forty-second annual report of The Saskatchewan Government Printing Company and covers the period for the year ending December 31, 1987.

The Saskatchewan Government Printing Company was established under The Crown Corporations Act of 1945 to operate a general job printing and book binding business. During the past year 2,253 jobs were produced resulting in approximately $1,988,000 in business printing volume. This represents a decrease of $229,000 from 1986.

Sales volume fluctuated from a high of $200,000 in the month of December to a low of $139,000 in the month of November.

Continual improvements and efficiency measures were introduced during the year in order to adjust costs to accommodate the decrease in sales volume.

A net earning of $235,000 before interest expense was recorded by the company.

Otto Cutts

Otto Cutts, Acting General Manager
The Saskatchewan Government Printing Company

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have examined the statement of financial position of The Saskatchewan Government Printing Company as at December 31, 1987 and the statements of operations and equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Mintz & Wallace

Regina, Saskatchewan
March 31, 1988.

Mintz & Wallace,
Chartered Accountants.

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF FINANCIAL POSITION

As at December 31

	1987	1986
Assets		
Current Assets:		
Cash	$ 577,050	$ 481,124
Accounts receivable	545,365	521,165
Inventory (Note 2)	220,084	235,295
	1,342,499	1,237,584
Property, plant and equipment (Note 3)	923,777	998,469
	$ 2,266,276	$ 2,236,053
Liabilities and Province's Equity		
Current Liabilities:		
Accounts payable	$ 148,871	$ 174,925
Deposits prepaid (Note 6)	—	3,941
	148,871	178,866
Note payable (Note 4)	2,100,000	2,100,000
	2,248,871	2,278,866
Province of Saskatchewan's Equity:		
Equity (Deficit) — Statement 2	17,405	(42,813)
	$ 2,266,276	$ 2,236,053

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF OPERATIONS AND EQUITY

Year Ended December 31

	1987	1986
Revenue:		
Sale of printing services	$ 2,045,589	$ 2,241,205
Interest	43,879	38,009
	2,089,468	2,279,214
Expenses:		
Operating costs, other than those listed below	1,212,848	1,387,253
General and administration	567,345	577,166
Depreciation	74,476	96,024
Interest	174,581	197,897
	2,029,250	2,258,340
Net Earnings	60,218	20,874
Deficit, beginning of year as restated (Note 7)	(42,813)	(63,687)
Equity (Deficit) end of year — Statement 1	$ 17,405	$ (42,813)

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31

	1987	1986
Operating Activities:		
Net earnings	$ 60,218	$ 20,874
Non-cash items		
– depreciation	74,476	96,024
– gain on sale of equipment	(2,338)	(4,911)
(Increase) decrease in non-cash working capital	(38,985)	241,933
Net cash inflow from operating activity	93,371	353,920
Financing Activities:		
Long-term debt borrowing	8,400,000	8,628,000
Repayment of long-term debt	8,400,000	(8,704,000)
Net cash (outflow) from financing activities	–	(76,000)
Investing Activities:		
Proceeds from disposal of fixed assets	2,555	5,222
Net cash inflow from investing activity	2,555	5,222
Increase in cash	95,926	283,142
Cash, beginning of year	481,124	197,982
Cash, end of year	$ 577,050	$ 481,124

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 1987

1. *Significant Accounting Policies*

These financial statements are prepared in accordance with generally accepted accounting principles and include the following policies.

(i) Property, plant and equipment

Fixed assets are initially recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Depreciation is provided on the straight-line basis and at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets over the estimated useful lives. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

Assets	*Rate*
Building	2½%
Equipment	10%
Photocomposition equipment	20%
Office, furniture and fixtures	5%
Computer equipment	20%

(ii) Inventory

Inventory includes printing supplies and work-in-progress. Supplies are valued at the lower of cost and replacement cost. Work-in-progress is valued at the lower of cost and net realizable value.

(iii) Revenue Recognition

Revenue is recognized at the completion of the work order.

(iv) Status of the Corporation

The Saskatchewan Government Printing Company was established by Order in Council 859/45 and continued under the provisions of The Crown Corporations Act, 1978.

2. *Inventory*

	1987	*1986*
Paper supplies inventory	$ 115,400	$ 117,280
Other supplies inventory	44,129	48,397
Work-in-progress material	2,539	5,240
Work-in-progress labour and overhead costs	58,016	64,378
	$ 220,084	$ 235,295

3. *Property, Plant and Equipment*

	1987			1986
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 121,875	$ —	$ 121,875	$ 121,875
Building	905,601	261,603	643,998	666,638
Equipment	988,232	837,323	150,909	202,222
Photocomposition equipment	146,521	146,521	—	—
Office, fixtures, furniture	14,781	7,786	6,995	7,734
Computer equipment	29,627	29,627	—	—
	$ 2,206,637	$ 1,282,860	$ 923,777	$ 998,469

4. *Note Payable*

The Company presently has outstanding a loan from the Department of Finance, renewable quarterly and bearing interest at current rates. At December 31, 1987, the interest rate on this note payable maturing March 31, 1988 was 8¼%. No security has been provided.

5. *Related Party Transactions*

These financial statements include income and expense arising from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and notes thereto.

6. *Deposits*

Certain customers have prepaid the cost of the materials to be used for specific orders. The deposits represent the difference between the cash received from the customers and the materials used to date for those specific orders.

7. *Change in Accounting Policy*

The financial statements have been retroactively adjusted to incorporate the effect of a change in the method of calculating the work in progress overhead rate.

The effect in the current year of this change is to decrease net income by $2,821 and reduce the value of inventory by $30,479. The effect on the comparative figures is as follows:

	Increase	Decrease
Deficit — beginning of year	$ 34,316	
Net earning	6,659	
Inventories		$ 27,658
Deficit-end of year	27,658	